



ALLIANZ GROUP

Alternative Performance Measures 2023

First Half-Year

ALTERNATIVE PERFORMANCE MEASURES

Throughout its financial publications, the Allianz Group uses alternative performance measures (APMs) in addition to the figures which are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. We believe that these measures provide useful information to investors and enhance the understanding of our results. These financial measures are designed to measure performance, growth, profit generation, and capital efficiency.

The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRSs.

The Allianz Group uses the following major alternative performance measures:

- Total business volume
- Internal growth
- Operating profit
- Shareholders' core net income
- Core earnings per share
- Core return on equity
- Operating insurance service result
- Combined ratio
- New business margin
- Cost-income ratio
- Total assets under management

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. As a result, there may be limitations to the comparability of APMs across companies.

In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regards to the alternative performance measures listed above:

- Section 1:
Definition of the APM, its use and limitations on the usefulness.
- Section 2:
Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements.

The Allianz Group's most recent financial publications are available online on the [Allianz company website](#).

Definitions, use and limitations

Total business volume

Definition and usefulness

Total business volume presents a measure for the overall amount of business generated during a specific reporting period. According to our business segments, total business volume in the Allianz Group comprises:

- Gross premiums written as well as fee and commission income in Property-Casualty;
- Statutory gross premiums in Life/Health; and
- Operating revenues in Asset Management.

The definition of total business volume is comparable to the definition of total revenues previously used within the Allianz Group. The revenues from our banking business are, however, no longer part of the total business volume as the remaining banking activities can be considered immaterial. Moreover, in Property-Casualty and in Life/Health, smaller adjustments to premiums at some entities are applied, following some interpretation/presentation changes.

Total business volume must not be confused with IFRS insurance revenue. IFRS 17 sets out that insurance revenue shall be recognized when an entity satisfies its performance obligations. A written-premium approach may not be used for the presentation of IFRS insurance revenue, but may still serve as a measure of growth.

In accordance with this, we consider total business volume as a key performance indicator in addition to IFRS insurance revenue. We believe that it is useful and meaningful to our external audience because it is an important financial measure for the growth of the Allianz Group during a specific time period.

Limitations on the usefulness

Total business volume does not provide any information as to the profitability of the Allianz Group. It also does not provide information as to when the services connected to the business are provided. Therefore, total business volume should always be viewed in conjunction with e.g. IFRS insurance revenue, operating profit or net income (loss).

Furthermore, total business volume is subject to fluctuations which do not derive from the performance of the Allianz Group. These fluctuations result from effects of price changes, foreign currency translation as well as acquisitions, disposals, and transfers. Accordingly, in addition to presenting nominal growth, we also present internal growth of total business volume, which excludes some of these effects.

Internal growth

Definition and usefulness

The Allianz Group presents the percentage change of total business volume adjusted for foreign currency translation and portfolio effects in addition to presenting the nominal growth of total business volume. The adjusted percentage change is called internal growth.

The Allianz Group's consolidated financial statements are presented in euro. As a significant portion of our total business volume results from countries outside the eurozone, the comparability between different periods is affected when exchange rates fluctuate. The comparability of our total business volume is further influenced by acquisitions, disposals, and transfers (or "changes in scope of consolidation").

We believe that internal growth allows a meaningful analysis of total business volume development as it makes data comparable from period to period and enhances the understanding of the underlying operating development.

Management uses internal growth in the steering of our business.

Internal growth of total business volume is determined by correcting nominal growth of total business volume for the effects of foreign currency translation as well as acquisitions and disposals. Foreign currency translation effects are calculated as:

$$\text{FX effects} = \frac{\text{Total business volume at CY FX rate} - \text{Total business volume at PY FX rate}}{\text{PY total business volume at PY FX rate}}$$

CY = current-year period
PY = prior-year period

The effects of acquisitions are calculated as the percentage change in total business volume attributable to the acquired business, while the effects of disposals are determined as the percentage change in total business volume, assuming the disposed business was not part of the Allianz Group in the previous period.

Limitations on the usefulness

Internal growth rates are not adjusted for other effects, such as price changes.

Operating profit (OP)

Definition and usefulness

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income (loss) before income taxes that is attributable to the ongoing core operations of the Allianz Group.

The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

Operating profit is used as one of the decision metrics by the Allianz Group's management.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- realized gains/losses (net),
- expected credit loss allowance,
- income from derivatives (net),
- interest expenses from external debt,
- impairments of investments (net),

- valuation result from investments and other assets and financial liabilities measured at fair value through profit and loss,
- specific acquisition and administrative expenses, consisting of acquisition-related expenses (from business combinations), income taxes related incidental benefits/expenses, litigation expenses, and one-time effects from significant reinsurance transactions with disposal character,
- amortization of intangible assets,
- restructuring and integration expenses, and
- income and expenses from the application of hyperinflation accounting.

The following exceptions apply to this general rule:

- In all reportable segments, the valuation result from investments and other assets and financial liabilities measured at fair value through profit and loss is treated as operating profit if it relates to operating business.
- For life/health insurance business and property-casualty insurance products with policyholder participation, all items listed above are included in operating profit if the profit sources are shared with policyholders.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income (loss) as determined in accordance with IFRSs.

Limitations on the usefulness

Operating profit is subject to fluctuations which do not derive from the performance of the Allianz Group, such as changes in foreign currency rates or acquisitions, disposals, and transfers between reportable segments.

Shareholders' core net income

Definition and usefulness

Shareholders' core net income (or loss) means, for any period, the net income (or loss) of the Allianz Group attributable to shareholders, determined on a consolidated basis in accordance with IFRS, excluding the following non-operating items (including any related income tax effects):

- Non-operating market movements, comprising:
 - valuation result from investments measured at fair value through profit and loss, and
 - income from derivatives (net).
- Non-operating amortization and impairments on intangible assets from business combinations except for insurance, investment or service contracts, or agreements for the distribution of such contracts.

Shareholders' core net income is used as one of the decision metrics by the Allianz Group's management beside operating profit and net income attributable to shareholders. Furthermore, it is intended to use this metric to drive and evaluate the performance of the Allianz Group executives. It is also used for the calculation of core earnings per share and core return on equity.

The Allianz Group considers the presentation of shareholders' core net income to be useful and meaningful to investors because it reduces the short-term market volatility and impact caused by non-operating items which are not attendant to the Allianz Group's sustainable performance. Shareholders' core net income therefore enhances the understanding of the Allianz Group's sustainable performance and the comparability of its performance over time.

Shareholders' core net income should be viewed as complementary to, and not as a substitute for, net income attributable to shareholders as determined in accordance with IFRS.

Limitations on the usefulness

Shareholders' core net income is still subject to fluctuations which are not representative for the sustainable performance of the Allianz Group, such as changes in foreign currency rates or acquisitions, disposals, and transfers between reportable segments.

Core earnings per share (Core EPS)

Definition and usefulness

Earnings per share (EPS) is a measure for profitability per share and is defined by IFRS 2. According to the standard, earnings per share is generally calculated by dividing net income attributable to shareholders by the weighted-average number of shares outstanding. The net income attributable to shareholders is adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. For the calculation of diluted earnings per share, the nominator and denominator are adjusted for the effects of potentially dilutive shares. These effects arise from various share-based compensation plans of the Allianz Group.

In addition to the EPS as defined by IFRS 2, the Allianz Group also uses core EPS as a measure for profitability per share. In the determination of core EPS, the net income attributable to shareholders is replaced by the shareholders' core net income. Core EPS is therefore calculated as follows:

$$\text{Core EPS}_{\text{AZ Group}} = \frac{\text{Shareholders' core net income}^1}{\text{Weighted-average number of shares outstanding}}$$

1_Shareholders' core net income adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity.

As outlined above, shareholders' core net income enhances the understanding of the Allianz Group's sustainable performance. We therefore believe that the presentation of core EPS in addition to EPS as defined by IFRS 2 provides relevant and meaningful information for investors because it reduces the short-term market volatility and impact caused by non-operating items which are not attendant to the Allianz Group's sustainable performance. Core EPS therefore enhances the understanding of the Allianz Group's sustainable performance and the comparability of its performance over time.

Limitations on the usefulness

As the core EPS is based on shareholders' core net income, the core EPS of the Allianz Group also includes items which are subject to fluctuations that are not representative for the sustainable performance of the Allianz Group, such as changes in foreign currency rates or acquisitions and disposals.

Furthermore, core EPS is inherently limited by the fact that it represents a ratio and thus does not provide any information as to the absolute amount of shareholders' core net income.

Core return on equity (Core RoE)

Definition and usefulness

For the Allianz Group, core return on equity represents the annualized ratio of shareholders' core net income to the average shareholders' equity at the beginning and at the end of the period. Shareholders' core net income is adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. From the average shareholders' equity, undated subordinated bonds classified as shareholders' equity and net OCI (other comprehensive income) are excluded.

$$\text{Core RoE}_{\text{AZ Group}} = \frac{\text{Shareholders' core net income}^1}{(\text{Shareholders' equity}^2 \text{ beginning of period} + \text{Shareholders' equity}^2 \text{ end of period})/2}$$

1_Shareholders' core net income adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity.

2_Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI.

Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI is determined as follows:

Total equity
 - non-controlling interests
 - shareholders' unrealized gains and losses from insurance contracts
 - shareholders' other unrealized gains and losses (including expected credit loss)
 - undated subordinated bonds classified as shareholders' equity
 = Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI

The Allianz Group also uses core RoE as a performance measure for the Life/Health segment. For the Life/Health segment, core RoE represents the annualized ratio of core net income to the average total equity, excluding net OCI at the beginning and at the end of the period.

$$\text{Core RoE}_{\text{LH Segment}} = \frac{\text{Core net income}}{(\text{Total equity}^1 \text{ beginning of period} + \text{Total equity}^1 \text{ end of period})/2}$$

1_Total equity excluding net OCI.

As per 1 January 2023, the Allianz Group has amended the definition of the RoE of the Allianz Group by replacing net income attributable to shareholders with shareholders' core net income. Simultaneously, for the RoE of the Life/Health segment, total net income was replaced by core net income. As outlined above, (shareholders') core net income enhances the understanding of the Allianz Group's sustainable performance and we therefore believe that the amended definition provides more relevant and meaningful information for investors.

The Allianz Group uses core RoE as a key performance indicator. It combines the view on business profitability and capital efficiency. Therefore, management uses core RoE in the steering of our business.

Limitations on the usefulness

The core RoE of the Allianz Group or the Life/Health segment include items which are not indicative to the management performance.

The performance indicator core RoE is inherently limited by the fact that it represents a ratio and thus does not provide any information as to the absolute amount of shareholders' core net income or shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI.

Operating insurance service result

Definition and usefulness

The insurance service result is an underwriting performance measure and is defined by IFRS 17. According to the standard, an entity shall present insurance revenue, insurance service expenses including incurred claims and other incurred insurance service expenses as well as the reinsurance service result in profit or loss.

However, in contrast to the definition in IFRS 17, the Allianz Group also includes the following components in its operating insurance service result:

- Non-attributable acquisition, administrative and claims expenses of our operating entities which were also included in the underwriting result under IFRS 4. The standard would show costs that are not directly linked to specific contracts outside the insurance service result. However, we believe that a broader definition of expenses required to run the business provides a more comprehensive reflection of the underwriting performance and the way we steer the business.

- Adjustments for experience variances at claims and expenses where our operating entities share the technical results with the policyholders (only for insurance contracts under the variable fee approach, in particular in the German-speaking markets, i.e. Germany, Austria, and Switzerland). IFRS 17 would normally reflect these adjustments within the insurance finance expense as part of the investment result. However, since these adjustments are directly linked to the claims and expense result, we consider the inclusion within the operating insurance service result to be more meaningful. For the same reason and business types, unexpected restructuring charges, normally shown in non-operating profit, may be included in the operating insurance service result, where they are part of the underlying items and expense results subject to contractual policyholder participation.

The Allianz Group uses the operating insurance service result as a key performance indicator in the Property-Casualty segment.

Limitations on the usefulness

The operating insurance service result is subject to fluctuations which do not derive from the performance of the Allianz Group, such as changes in foreign currency rates, price changes or acquisitions, disposals, and transfers between reportable segments.

Combined ratio (CR)

Definition and usefulness

The Allianz Group uses the combined ratio as a measure of underwriting profitability in the Property-Casualty segment. The combined ratio represents the total of claims and benefits, including reinsurance result, as well as acquisition and administrative expenses divided by insurance revenue.

$$\text{Combined ratio}_{PC\text{ Segment}} = \frac{\text{Claims and benefits incl. reinsurance result} + \text{Acquisition and administrative expenses}}{\text{Insurance revenue}}$$

The combined ratio is typically expressed as a percentage. A ratio of below 100% indicates that the insurance service result is profitable, whereas a ratio of above 100% indicates a negative insurance service result.

The combined ratio can be further broken down into the loss ratio and the expense ratio. The loss ratio represents claims and benefits, including reinsurance result, divided by insurance revenue, and thus expresses the percentage of insurance revenue used to settle claims.

$$\text{Loss ratio}_{PC\text{ Segment}} = \frac{\text{Claims and benefits incl. reinsurance result}}{\text{Insurance revenue}}$$

The expense ratio represents acquisition and administrative expenses divided by insurance revenue. It expresses the percentage of insurance revenue used to cover underwriting expenses for the acquisition of new or renewal business and for administrative expenses.

$$\text{Expense ratio}_{PC\text{ Segment}} = \frac{\text{Acquisition and administrative expenses}}{\text{Insurance revenue}}$$

Limitations on the usefulness

The combined ratio is used to measure underwriting profitability, but it does not capture the profitability of the investment result or the non-operating result. Even in case of a combined ratio of above 100%, the operating profit and/or the net income can still be positive due to a positive investment income and/or a positive non-operating result.

Moreover, the usefulness of the combined ratio is inherently limited by the fact that it is a ratio and thus it does not provide information on the absolute amount of the insurance service result.

New business margin (NBM)

Definition and usefulness

The new business margin is a common key performance indicator to measure the profitability of new business in our Life/Health segment. The NBM is calculated as the value of new business (VNB) divided by the present value of new business premiums (PVNBP).

$$\text{NBM}_{LH\text{ Segment}} = \frac{\text{Value of new business (VNB)}}{\text{Present value of new business premiums (PVNBP)}}$$

The VNB is the additional value to shareholders that results from the writing of new business. It is determined as the present value of pre-tax future profits, adjusted for acquisition expenses overrun or underrun, and non-attributable costs and value of financial options and guarantees, minus a risk adjustment, all determined at issue date. Value of new business is calculated at point of sale, interpreted as at the beginning of each quarter assumptions.

The PVNBP is the present value of projected new regular premiums, discounted with risk-free rates including an adjustment for illiquidity, plus the total amount of single premiums received.

VNB and PVNBP are determined by using an actuarial platform. In the actuarial platform, insurance contracts are projected deterministically using best-estimate assumptions for lapse, mortality, disability, and expenses until maturity. Contracts are projected no longer than 60 years. Premiums are before reinsurance. To receive a valid and meaningful NBM, the calculation of VNB and PVNBP need to be based on the same assumptions.

Limitations on the usefulness

Limitations come from the best-estimate assumptions, including risk-free rate, and the long projection period of up to 60 years. The best-estimate assumptions are derived from historical data. This means that a different future customer behavior could lead to variances. The same is applicable to the risk-free rate, which is based on current market data. Furthermore, the long projection period is worthy of discussion, because changes such as regulatory changes or a new currency are not reflected in the projection.

Cost-income ratio (CIR)

Definition and usefulness

The Allianz Group uses the cost-income ratio as a key performance indicator in the Asset Management segment. The CIR sets operating expenses in relation to operating revenues in a given period.

$$\text{CIR}_{AM\text{ Segment}} = \frac{\text{Operating expenses}^1}{\text{Operating revenues}^2}$$

¹Operating expenses consist of administrative expenses.

²Operating revenues are the sum of operating fee and commission income and expenses (net), operating investment income (net) and other operating income and expenses (net). The term "net" means that the relevant expenses have already been deducted.

The Allianz Group uses CIR in order to measure the efficiency of its activities in the Asset Management segment. Changes in the ratio indicate a change in efficiency.

Limitations on the usefulness

The CIR in a given period of time can be influenced by special items, one-offs or foreign exchange effects on the revenue and/or expense side which lead to a change in CIR without a long-term change of efficiency.

Moreover, the usefulness of the cost-income ratio is inherently limited by the fact that it is a ratio and thus it does not provide information on the absolute amount of the operating revenues and expenses.

Total assets under management (total AuM)

Definition and usefulness

Total assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies are responsible vis-à-vis clients for providing discretionary investment management decisions and portfolio management, either directly or via a sub-advisor. This excludes assets for which Allianz Asset Management companies are primarily responsible for administrative services only. AuM are managed on behalf of third parties as well as on behalf of the Allianz Group.

As per 1 July 2022, the Allianz Group has amended the definition of AuM by referring to the responsibility of Allianz Asset Management entities vis-à-vis clients for providing discretionary investment management decisions and portfolio management. As a consequence, assets for which Allianz Asset Management companies have engaged sub-advisors are specifically referred to in this definition. Master KVG business is explicitly excluded. This definition takes into consideration the key purpose of reporting AuM being to provide transparency on a key driver for the revenue development. Assets for which Allianz Asset Management entities have engaged sub-advisors are the source of a meaningful part of the revenues generated in a given period. Thus, excluding these assets would significantly distort the management fee margin and any other KPI based on AuM. Therefore, the Allianz Group is convinced that the amended definition provides more relevant and meaningful information for investors.

Total AuM are a key performance indicator in the Allianz Group and the underlying of the success of our asset management activities in comparison with prior periods as well as in comparison with other companies.

Changes in total AuM are driven by net flows, market and other, consolidation/deconsolidation effects, and foreign exchange effects.

Net flows represent the sum of new clients' assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from, and termination of, client accounts and distributions to investors.

Market and other represents current income earned on, and changes in the fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and of closed-end funds.

Net flows as well as market and other define the real growth of the total AuM base.

Limitations on the usefulness

The volume of total AuM reported is subject to fluctuations which do not derive from the success of our asset management activities. These fluctuations result from effects of foreign currency translation as well as acquisitions, disposals, and transfers.

Reconciliations

The financial results are based on the new IFRS 9 (Financial Instruments) and IFRS 17 (Insurance Contracts) accounting standards, which have been adopted as of 1 January 2023. Comparative periods have been adjusted to reflect the application of these new accounting standards.

Total business volume

Total business volume comprises gross premiums written as well as fee and commission income in Property-Casualty, statutory gross premiums in Life/Health, and operating revenues in Asset Management.

Composition of total business volume

€ mn

Six months ended 30 June	2023	2022
PROPERTY-CASUALTY		
Total business volume	41,729	38,010
consisting of:		
Gross premiums written	40,512	36,794
Fee and commission income	1,217	1,216
LIFE/HEALTH		
Statutory gross premiums	40,410	39,909
ASSET MANAGEMENT		
Operating revenues	3,778	4,084
consisting of:		
Net fee and commission income	3,732	4,094
Net investment result	30	(10)
Other income and expenses	16	-
CONSOLIDATION		
	(329)	(341)
Allianz Group total business volume	85,588	81,663

Internal growth

The IFRS financial measure most directly comparable to internal growth is the nominal growth of total business volume.

Reconciliation of nominal growth to internal growth of total business volume

%

Six months ended 30 June	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
2023 ¹				
Property-Casualty	11.8	0.7	(2.8)	9.8
Life/Health	2.2	(0.2)	(0.8)	1.3
Asset Management	(5.1)	(3.0)	0.5	(7.5)
Allianz Group	6.4	0.1	(1.7)	4.8

¹ For 2022, not applicable due to the implementation of IFRS 9 and IFRS 17.

Operating profit (OP)

Business segment information – reconciliation of operating profit (loss) to net income (loss)

€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2023						
Operating profit (loss)	3,855	2,521	1,426	(287)	(2)	7,513
Non-operating investment result						
Non-operating investment income (net) ¹						
Realized gains/losses (net) ¹	(20)	(13)	-	(25)	2	(57)
Expected credit loss allowance	6	(4)	-	(5)	-	(2)
Income from derivatives (net)	(51)	14	-	(182)	(5)	(224)
Impairments of investments (net) ¹	(67)	(158)	(1)	(36)	-	(262)
Valuation result from investments and other assets and financial liabilities measured at fair value through profit and loss	(103)	25	7	(158)	4	(224)
Reclassifications	7	(83)	-	-	-	(77)
Interest expenses from external debt	-	-	-	(291)	-	(291)
Subtotal	(228)	(218)	6	(698)	1	(1,137)
Non-operating other result						
Amortization of intangible assets	(98)	(35)	(7)	(10)	-	(149)
Restructuring and integration expenses	(89)	(20)	(1)	(11)	-	(120)
Acquisition and administrative expenses ²	21	(15)	(10)	(12)	-	(16)
Income and expenses from hyperinflation accounting	(99)	(49)	-	-	-	(148)
Reclassifications	-	(7)	-	-	-	(7)
Subtotal	(264)	(125)	(18)	(33)	-	(440)
Income (loss) before income taxes	3,363	2,178	1,414	(1,018)	(1)	5,936
Income taxes	(859)	(440)	(361)	371	(1)	(1,290)
Net income (loss)	2,503	1,738	1,054	(647)	(2)	4,647
Net income (loss) attributable to:						
Non-controlling interests	71	98	88	21	-	278
Shareholders	2,432	1,640	966	(668)	(2)	4,369

2 _ Reconciliations

Six months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2022						
Operating profit (loss)	3,316	1,787	1,605	(265)	94	6,536
Non-operating investment result						
Non-operating investment income (net) ¹						
Realized gains/losses (net) ¹	18	136	(3)	160	1	312
Expected credit loss allowance	(92)	(49)	-	(19)	-	(160)
Income from derivatives (net)	(250)	(53)	-	324	(1)	21
Impairments of investments (net) ¹	5	-	(1)	(25)	-	(21)
Valuation result from investments and other assets and financial liabilities measured at fair value through profit and loss	(205)	(74)	(4)	(47)	(4)	(335)
Reclassifications	23	306	-	-	-	329
Interest expenses from external debt	-	-	-	(264)	-	(264)
Subtotal	(500)	267	(7)	128	(4)	(117)
Non-operating other result						
Amortization of intangible assets	(98)	(37)	(8)	(9)	-	(151)
Restructuring and integration expenses	(298)	(32)	(149)	(47)	-	(525)
Acquisition and administrative expenses ²	(12)	(5)	(1,852)	(1)	-	(1,869)
Income and expenses from hyperinflation accounting ³	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-
Subtotal	(407)	(74)	(2,009)	(56)	-	(2,546)
Income (loss) before income taxes	2,408	1,980	(411)	(193)	90	3,874
Income taxes	(633)	(662)	(98)	217	(23)	(1,199)
Net income (loss)	1,775	1,318	(509)	23	67	2,675
Net income (loss) attributable to:						
Non-controlling interests	54	71	88	11	(1)	223
Shareholders	1,721	1,247	(597)	12	68	2,452

1_In investment terminology the term "net" is used when the relevant expenses have already been deducted.

2_Include, if applicable, acquisition-related expenses, income taxes related incidental benefits/expenses, litigation expenses, and one-time effects from significant reinsurance transactions with disposal character.

3_Until 2022, the effects from the application of hyperinflation accounting were included in non-operating investment income (net).

Shareholders' core net income

Business segment information – reconciliation of income (loss) before income taxes to shareholders' core net income (loss)

€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2023						
Income (loss) before income taxes	3,363	2,178	1,414	(1,018)	(1)	5,936
Adjustment for non-operating market movements ¹	105	(15)	(7)	295	1	379
Adjustment for amortization of intangible assets from business combinations	41	6	1	6	-	53
Core income (loss) before income taxes	3,509	2,169	1,408	(717)	-	6,369
Income taxes related to core income (loss)	(881)	(439)	(359)	294	(1)	(1,385)
Core net income (loss)	2,628	1,730	1,050	(423)	(1)	4,983
thereof: Shareholders' core net income (loss)	2,556	1,638	961	(466)	(1)	4,690

Six months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2022						
Income (loss) before income taxes	2,408	1,980	(411)	(193)	90	3,874
Adjustment for non-operating market movements ¹	237	73	4	(298)	(1)	15
Adjustment for amortization of intangible assets from business combinations	41	5	2	4	-	52
Core income (loss) before income taxes	2,686	2,057	(405)	(487)	90	3,941
Income taxes related to core income (loss)	(766)	(675)	(98)	321	(23)	(1,241)
Core net income (loss)	1,920	1,382	(503)	(166)	67	2,700
thereof: Shareholders' core net income (loss)	1,852	1,317	(592)	(179)	67	2,466

¹Includes, if applicable, valuation result from investments measured at fair value through profit and loss, and income from derivatives (net).

Core earnings per share (Core EPS)

Core EPS is determined by dividing shareholders' core net income by the weighted-average number of shares outstanding.

$$\text{Core EPS}_{\text{AZ Group}} = \frac{\text{Shareholders' core net income}^1}{\text{Weighted-average number of shares outstanding}}$$

1_Shareholders' core net income adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity.

Reconciliation of core earnings per share

€ mn

Six months ended 30 June	2023	2022
Shareholders' core net income – basic	4,548	2,346
Effect of potentially dilutive shares	(3)	(33)
Shareholders' core net income – diluted	4,545	2,313
Weighted-average number of shares outstanding – basic	398,981,093	406,929,623
Potentially dilutive shares	199,987	1,404,341
Weighted-average number of shares outstanding – diluted	399,181,080	408,333,964
Core earnings per share (€) – basic	11.40	5.77
Core earnings per share (€) – diluted	11.38	5.67

Core return on equity (Core RoE)

For the Allianz Group, core return on equity represents the annualized ratio of shareholders' core net income to the average shareholders' equity at the beginning and at the end of the period.

$$\text{Core RoE}_{\text{AZ Group}} = \frac{\text{Shareholders' core net income}^1}{(\text{Shareholders' equity}^2 \text{ beginning of period} + \text{Shareholders' equity}^2 \text{ end of period})/2}$$

1_Shareholders' core net income adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity.

2_Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI.

Reconciliation of core return on equity for the Allianz Group

€ mn

Six months ended 30 June	2023	2022 ¹
Shareholders' core net income	4,548	6,865
Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI bop	55,208	52,820
Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI eop	53,619	55,208
Annualized core return on equity in %²	16.7	12.7

1_For 2022, the core return on equity for the full year is shown.

2_Annualized figures are not a forecast for full-year numbers.

Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI is determined as follows:

Reconciliation of total equity to shareholders' equity excluding undated subordinated bonds classified shareholders' equity and net OCI for the Allianz Group

€ mn

Six months ended 30 June	2023 eop	2023 bop/ 2022 eop	2022 bop
Total equity	58,823	58,735	65,392
Non-controlling interests	4,506	4,320	4,235
Unrealized gains and losses from insurance contracts ¹	48,660	54,854	(46,554)
Other unrealized gains and losses (including expected credit loss) ¹	(52,754)	(60,490)	50,192
Undated subordinated bonds classified as shareholders' equity	4,792	4,843	4,699
Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and net OCI	53,619	55,208	52,820

1_Attributable to shareholders.

For the Life/Health segment, the core RoE represents the annualized ratio of core net income to the average total equity at the beginning and at the end of the period.

$$\text{Core RoE}_{\text{LH Segment}} = \frac{\text{Core net income}}{(\text{Total equity}^1 \text{ beginning of period} + \text{Total equity}^1 \text{ end of period})/2}$$

1_Total equity excluding net OCI.

Reconciliation of core return on equity for the Life/Health segment

€ mn

Six months ended 30 June	2023	2022 ¹
Core net income	1,730	3,376
Total equity excluding net OCI bop	23,324	26,033
Total equity excluding net OCI eop	23,633	23,324
Annualized core return on equity in %²	14.7	13.7

1_For 2022, the core return on equity for the full year is shown.

2_Annualized figures are not a forecast for full-year numbers.

Total equity excluding net OCI is determined as follows:

Reconciliation of total equity to total equity excluding net OCI for the Life/Health segment

€ mn

Six months ended 30 June	2023 eop	2023 bop/ 2022 eop	2022 bop
Total equity	21,743	20,451	25,813
Unrealized gains and losses from insurance contracts	44,472	50,357	(45,712)
Other unrealized gains and losses (including expected credit loss)	(46,362)	(53,230)	45,492
Total equity excluding net OCI	23,633	23,324	26,033

Operating insurance service result

In contrast to the definition in IFRS 17, the Allianz Group also includes the following components in its operating insurance service result:

- Non-attributable acquisition, administrative and claims expenses of our operating entities which under IFRS 4 were also included in the underwriting result.
- Adjustments for experience variances at claims and expenses where our operating entities share the technical results with the policyholders (only for insurance contracts under the variable fee approach, in particular in the German-speaking markets, i.e. Germany, Austria, and Switzerland).

Reconciliation of operating insurance service result for the Property-Casualty segment

€ mn

Six months ended 30 June	2023	2022
Operating insurance service result	2,656	2,095
Non-attributable expenses	1,085	945
Adjustments for experience variances at claims and expenses	(3)	9
Insurance service result as defined by IFRS 17	3,738	3,048

Combined ratio (CR)

The combined ratio represents the total of claims and benefits, including reinsurance result, as well as acquisition and administrative expenses divided by insurance revenue.

$$\text{Combined ratio}_{PC \text{ Segment}} = \frac{\text{Claims and benefits incl. reinsurance result} + \text{Acquisition and administrative expenses}}{\text{Insurance revenue}}$$

Reconciliation of combined ratio

€ mn

Six months ended 30 June	2023	2022
Claims and benefits including reinsurance result	(22,409)	(20,953)
Acquisition and administrative expenses	(8,276)	(7,693)
Insurance revenue	33,338	30,749
Combined ratio in %	92.0	93.2
Loss ratio in %	67.2	68.1
Expense ratio in %	24.8	25.0

New business margin (NBM)

There is no comparable IFRS financial measure. Therefore, a reconciliation is not possible. However, our calculation of NBM is consistent with the accounting policies we apply in our consolidated financial statements prepared in accordance with IFRSs.

Cost-income ratio (CIR)

The cost-income ratio sets operating expenses in relation to operating revenues in a given period.

$$\text{CIR}_{AM \text{ Segment}} = \frac{\text{Operating expenses}^1}{\text{Operating income}^2}$$

1_Operating expenses consist of administrative expenses.

2_Operating revenues are the sum of operating fee and commission income and expenses (net), operating investment income (net) and other operating income and expenses (net). The term "net" means that the relevant expenses have already been deducted.

Reconciliation of cost-income ratio

€ mn

Six months ended 30 June	2023	2022
Operating expenses	(2,352)	(2,479)
Operating revenues	3,778	4,084
Cost-income ratio in %	62.3	60.7

Total assets under management (total AuM)

There is no comparable IFRS financial measure. Therefore, a reconciliation is not possible. However, our calculation of total AuM is consistent with the accounting policies we apply in our financial statements prepared in accordance with IFRSs.

Forward-looking APMs

An APM may not be reconcilable because it is not derived from the financial statements, such as profit estimates, future projections or profit forecasts. However, all forward-looking APMs are consistent with the accounting policies we apply in our financial statements prepared in accordance with IFRSs.